

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF PACIFICORP DBA UTAH POWER &)	CASE NO. PAC-E-05-10
LIGHT COMPANY FOR APPROVAL OF A)	
NEW DSM COST RECOVERY MECHANISM)	NOTICE OF APPLICATION
AND ENHANCED ENERGY EFFICIENCY)	
PROGRAMS FOR COMMERCIAL,)	NOTICE OF
INDUSTRIAL, AGRICULTURAL AND)	PUBLIC WORKSHOPS
RESIDENTIAL CUSTOMERS)	
)	NOTICE OF PUBLIC HEARINGS
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)	NOTICE OF
)	MODIFIED PROCEDURE
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)	NOTICE OF
)	COMMENT DEADLINE
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YOU ARE HEREBY NOTIFIED that on September 6, 2005, PacifiCorp dba Utah Power & Light Company (PacifiCorp) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a suite of energy efficiency and demand-side management (DSM) programs for its commercial, industrial, agricultural, and residential customers in the State of Idaho. The Company also requests approval of an associated cost recovery mechanism and related deferred accounting authorization.

The proposed funding mechanism is a 1.5% DSM tariff rider that will begin on January 1, 2006 with funds to be collected as a line item on customer bills. A residential customer using 750 kWh monthly would see a monthly increase of about \$1.00. Based on current rates the proposed tariff rider will collect an estimated \$1.8 million annually. The Company asks that the deferred accounting and DSM programs requested become effective November 15, 2005 or coincident with the service date of the Commission's Order approving the Application, whichever is later.

The Application states that all customer classes will have an opportunity to participate in programs. The new programs are: irrigation efficiency to complement the existing

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irrigation load control program, FinAnswer Express for commercial and industrial lighting, motors, etc., and residential refrigerator recycling.

Revisions to existing programs include revamping/increasing Low Income Weatherization rebates, discontinuing low interest loans to business customers in Energy FinAnswer and instead paying incentives for energy and demand savings. The proposed enhanced energy efficiency programs offer a combination of information and cash incentives to help customers install energy efficient equipment or make permanent operational changes to reduce energy consumption and save money.

The Low Income Weatherization program has weatherized 561 dwellings since 1990. Market experience indicates that new program introductions and proposed program enhancements will likely increase Idaho participation. Increased participation will allow more PacifiCorp customers to benefit from energy savings and simultaneously help control system energy costs.

Cost Recovery

Current cost recovery for PacifiCorp DSM expenditures was authorized by Order No. 22299 issued in January 1989 in Case No. U-1500-165. Order Nos. 22299 and 22758 established the capitalization of demand-side resource costs and the use of a carrying charge. The Company has deferred DSM costs and amortized DSM expenditures over the useful lives of the measures. While this cost recovery mechanism has been adequate for historic levels of participation and expenditures, the Company contends that the associated regulatory lag for recovery of prudently incurred DSM expenditures has made it financially difficult to improve existing DSM programs or implement new ones. Moreover, the Company contends that minimal customer awareness of DSM investments exists when the expenditures are amortized and included in general rates. In addition to removing a Company financial disincentive for increases in DSM activity, PacifiCorp contends that the proposed recovery mechanism will increase customer awareness of DSM investments and help increase participation in the new and enhanced programs.

PacifiCorp proposes to establish a DSM balancing account, defer all DSM program investments made on or after the service date of the Commission's Order approving the Application, and account for them in the DSM balancing account. The DSM balancing account

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would be offset by revenue collected through a newly established surcharge mechanism and referenced as a new line item on the bills of PacifiCorp retail electricity users effective January 1, 2006. In addition to DSM program expenses, the proposed DSM balancing account would calculate reciprocal carrying charges to be added or credited to the balance. PacifiCorp proposes that the carrying charges be set at the current Allowance for Funds Used During Construction (AFUDC) rate. Expenses posted to the DSM balancing account would be subject to applicable prudence reviews for DSM investments. Costs and carrying charges included in the DSM balancing account would not be included in the calculation of Company revenue requirements for a general rate case. Additionally, PacifiCorp proposes that DSM investments made prior to the service date of the Commission's Order approving this Application continue to be recovered through general rates until fully amortized.

The Company proposes to label the line item charge "Customer Efficiency Services" on the customer bill and in the description section of Schedule 191. The line item surcharge will be calculated as a percentage of the base charges before the application of Schedule 34, the Pacific Northwest Electric Power Planning and Conservation Act Residential and Farm Kilowatt-Hour Credit (Also known as the "BPA Credits"), because these credits vary by year and by rate schedule and are available primarily for agricultural and selected non-irrigation customers. All customer groups will have access to programs funded directly through Schedule 191 or through the Northwest Efficiency Alliance, thus delivering a system benefit in addition to participant benefits.

The amount collected will be set based on a forecast of Commission-approved DSM program investments. The Company will review balancing account activity on an annual basis and adjust it based on the account balance and the forecast activity of the approved programs. The Company proposes the initial annual review be completed after January 1, 2007 to coincide with the first full year of Schedule 191 collections. The annual review and recommendation for a change (if any) in the collection rate would be completed within 60 days of the end of the fiscal year, with the first such review being completed no later than March 1, 2007.

The objective of the line item surcharge will be to set a collection rate projected to result in a zero balance in the DSM balancing account by the following review period. PacifiCorp intends to provide the Commission quarterly reports on the account's activity. The

Company proposes to set the rate to initially collect approximately \$1,825,000 – approximately 1.5% of retail revenue based on rates in effect after September 16, 2005. Any future changes to the collection rate will be filed by PacifiCorp for Commission approval prior to implementation and will not occur automatically.

Description of New Programs

Schedule 155 New Tariff – Irrigation Efficiency

PacifiCorp proposes to initiate a comprehensive Irrigation Efficiency program that will offer no-cost equipment exchange, equipment testing and incentives for energy efficiency measures installed. This program will complement the Company's load control offering and increase services available to irrigation customers. The irrigation efficiency program will include the following components: nozzle exchange, prescriptive incentives for certain pivot equipment, pump check and water management consultation, and a pump testing and system analysis. In addition to energy and water savings from nozzle replacement, pivot measures and improved equipment operation resulting from the water management consultation, the Irrigation Efficiency program will offer program-funded energy engineering services and incentives for properly installed energy efficiency measures such as pump repairs and system upgrades. The overall program is designed to be delivered by a third-party program administrator under contract with the Company.

Schedule 115 New Tariff – FinAnswer Express

The proposed FinAnswer Express program (FE) is based on a successful program of the same name operating in the Company's Utah and Washington markets. The FE program provides prescriptive incentives for common energy efficiency measures (EEM) with minimal transaction complexity. EEM categories include efficient lighting, premium motors and mechanical upgrades associated with heating and cooling. Both new construction and retrofit projects are eligible for the FinAnswer Express program. The FE program is available to commercial and industrial customers on the majority of Idaho rate schedules.

The incentives are based on the equipment installed, i.e., per fixture or per horsepower (HP) or per ton. The FE program also provides a customer incentive calculation for measures not listed on the prescriptive incentive tables. Experience in other markets, the Company states, has shown the FE program to be popular with trade allies, i.e., equipment

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distributors and installing contractors that sell standard and high efficiency equipment to customers. The Company is considering proposals for sales support functions designed to assist these equipment distributors and contractors in their sales and installation of high efficiency equipment. These services will be similar to the services currently provided in the Utah and Washington markets.

Schedule 117 New Tariff – Refrigerator Recycling

The proposed residential Refrigerator Recycling program is similar to a successful Utah program operated as “See Ya Later Refrigerator.” The program will offer an incentive to residential customers and landlords to permanently discontinue use of their second refrigerators and freezers, and/or replace their primary refrigerators and freezers with new, more energy efficient models. Interested customers will be directed to call a toll free number to schedule a pick-up time. All appliances collected will be recycled so they are not placed back in use through secondary market sales. All recycling processors will meet current local and EPA guidelines. PacifiCorp anticipates that the program will be administered by the same vendor delivering this PacifiCorp program in Utah.

Description of Revised Programs

Schedule 21 Revisions – Low Income Weatherization Services

PacifiCorp’s current Low Income Weatherization program has been in place for approximately 15 years. It provides rebates to two local non-profit agencies (i.e., eastern Idaho Special Services Agency and Southeastern Idaho Community Action Agency) for weatherization services they complete in electrically heated homes. The proposed changes were determined through discussions with Staff from these two partnering agencies and the Community Action Partnership Association of Idaho during the 2005 general rate case, Case No. PAC-E-05-1. The revisions are intended to increase customer participation and available incentives for the installation of additional cost effective measures. Proposed revisions include: (1) increasing the available annual program funding up to \$150,000 annually, (2) increasing rebates from a maximum of \$1,000 per home to an average annual rebate of \$1,500 per weatherized home, (3) increasing agency administrative cost reimbursement from \$150 per completed home to 15% of PacifiCorp’s rebate on installed measures with set maximums, and (4) expanding available program delivery incentives by providing a rebate to the Company’s partnering agencies of 50%

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of the costs associated with additional measures installed in homes regardless of heating source – including compact fluorescent light bulbs, replacement refrigerators and water heater measures in homes with electric water heaters. Additionally, to promote the installation of efficiency measures that have become cost-effective in the last decade, incentives will be offered for homes in which services were provided under this tariff prior to October 1, 1993, once per individual measure and up to two times per dwelling. The Company will evaluate Schedule 21 program activities within two years of the Commission's approval of these proposed revisions to determine if further revisions are warranted.

Schedules 120/122 Revisions – Commercial Energy Services

PacifiCorp proposes that Schedules 120 and 122 be closed to new service, but that they remain as approved schedules to assist in the administration of the few remaining loans originated under the schedules. When the loans are repaid, PacifiCorp will seek Commission approval to cancel these schedules in a separate tariff filing.

Schedule 125 New Tariff – Energy FinAnswer

The Energy FinAnswer program has been operational in Idaho as a loan-based energy efficiency program for approximately 15 years and this filing is a revision of an existing program. The current program is covered by existing Schedules 120 and 122, and provides program-funded energy engineering and loans to business customers. PacifiCorp proposes to continue the Company-funded energy engineering and add an incentive offer of \$0.12 for first year energy savings (kWh) and \$50 per average monthly demand savings (kW) occurring during the peak periods specified in the customer's rate schedule, up to 50% of the approved project costs. To increase participation, the incentive offer will replace the loan offer (which will be discontinued). This incentive offer and level is the same as that offered by PacifiCorp in Utah. As described above, Schedules 120 and 122 will be amended to manage the administration of existing loans. All new program services will be offered under a new Schedule 125, and will include various enhancements to increase new construction participation and early program involvement to capture lost opportunities. It will also require a minimum savings above code and preclude incentives for fuel switching. PacifiCorp will make the incentive offer after the Company-funded or approved engineering analysis is complete and prior to customer equipment purchases. The incentive is to be paid as a single payment by Company check.

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Included with the Company's Application are proposed tariffs and supporting documentation.

PUBLIC WORKSHOPS

YOU ARE FURTHER NOTIFIED that the Company's Application in Case No. PAC-E-05-10 is a proposal subject to public review and Commission approval. The Commission has determined that the public interest requires the scheduling of both public workshops and hearings. Customers, local government leaders and other interested persons are encouraged to participate and testify.

YOU ARE FURTHER NOTIFIED that on **WEDNESDAY, OCTOBER 19, 2005** the Commission Staff will conduct a public workshop to discuss the Company's Application beginning at **7:00 P.M. AT THE ROBINSON BUILDING, 186 W. 2ND N., PRESTON, IDAHO.**

YOU ARE FURTHER NOTIFIED that on **THURSDAY, OCTOBER 20, 2005** the Commission Staff will conduct a second public workshop to discuss the Company's Application beginning at **7:00 P.M. AT THE SENIOR CITIZEN CENTER, 367 COMMUNITY LANE, RIGBY, IDAHO.**

The workshops will provide the public an opportunity to meet with PacifiCorp and Commission Staff representatives and ask questions and receive information.

PUBLIC HEARINGS

YOU ARE FURTHER NOTIFIED that the Commission will conduct a formal hearing for the purpose of receiving public testimony on the Company's Application on **MONDAY, NOVEMBER 7, 2005** commencing at **7:00 P.M. AT THE BEST WESTERN COTTONTREE, 450 W. 4TH STREET, REXBURG, IDAHO.**

YOU ARE FURTHER NOTIFIED that the Commission will conduct a second formal hearing for the purpose of receiving public testimony on the Company's Application on **TUESDAY, NOVEMBER 8, 2005** commencing at **7:00 P.M. AT THE ROBINSON BUILDING, 186 W. 2ND N., PRESTON, IDAHO.**

YOU ARE FURTHER NOTIFIED that all hearings and public workshops in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act (ADA). Persons needing the help of a sign language interpreter or other assistance in order to participate in or to understand testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing. The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0338 (Telephone)
(208) 334-3762 (FAX)
E-Mail: secretary@puc.idaho.gov

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. PAC-E-05-10. The Commission has preliminarily determined that the public interest regarding the Company's Application may not require a technical hearing to consider the issues presented, and that issues raised by the Application may be processed under **Modified Procedure**. Reference Commission's Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that the Commission may not hold a technical hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. Reference IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that in addition to the public workshops and hearings identified above, the Commission solicits written comments regarding the Company's Application. The **deadline for filing written comments** with respect to the Application and the Commission's use of Modified Procedure in Case No. PAC-E-05-10 is **Thursday, November 3, 2005**.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the issue on its merits and the established record and enter its Order without a technical hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the

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matter for further hearing or may decide the matter and issue its Order on the basis of the record and written positions before it. Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. PAC-E-05-10 should be mailed to the Commission and the Company at the addresses reflected below.

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5983

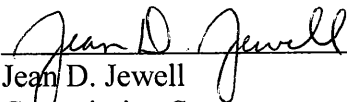
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All comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to PacifiCorp at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Application in Case No. PAC-E-05-10 together with proposed tariffs and supporting documentation can be viewed at the Commission's office, 472 West Washington, Boise, Idaho and at the Idaho offices of PacifiCorp during regular business hours, or on the Commission's website, www.puc.idaho.gov.

DATED at Boise, Idaho this 30th day of September 2005.



Jean D. Jewell
Commission Secretary

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